

SaskBuilds



Annual Report for 2013-14

Table of Contents

Letters of Transmittal	2
Introduction	4
Alignment with Government's Direction.....	4
Corporate Overview	5
Progress in 2013-14	6
Accomplishments	6
Management's Responsibility.....	8
2013-14 Financial Overview	10
For More Information.....	17

Letters of Transmittal



Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of SaskBuilds Corporation for the fiscal year ending March 31, 2014.

In the past year, Saskatchewan has continued to benefit from a rapidly growing population and a strong economy that is the envy of other jurisdictions across Canada. Growth is an important means for securing a better life for all Saskatchewan people. To ensure we are prepared to seize the opportunities, SaskBuilds has taken a number of important steps forward to deliver priority infrastructure needed to improve the quality of life for our residents.

SaskBuilds has also taken important steps toward establishing an improved long-term infrastructure prioritization and planning process for the provincial government. This is essential for not only driving innovation in alternative procurement, but for improving the government's traditional procurement practices.

This report details the accomplishments of SaskBuilds within the 2013-14 fiscal period. This report also highlights SaskBuilds' activities to fulfill the Government's commitment to increased accountability, honouring its commitments and responsibly managing expenditures.

Sincerely,

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Honourable Gordon Wyant, Q.C.
Minister Responsible and Chair of SaskBuilds Board

Letters of Transmittal



The Honourable Gordon Wyant, Q.C.,
Minister Responsible and Chair of SaskBuilds Board

Dear Sir:

I have the honour of submitting the Annual Report of SaskBuilds for the fiscal year ending March 31, 2014.

In the last year, SaskBuilds has demonstrated important progress toward the objectives established for the organization in the Saskatchewan Plan for Growth – 2020 and Beyond. These directives centre on meeting the challenges of growth by investing in infrastructure required to support growth and to drive innovation in infrastructure financing, design and delivery.

SaskBuilds has advanced alternative procurement for the Swift Current Long-Term Care Centre, Saskatchewan Hospital North Battleford – Integrated Correctional Facility and the Regina Bypass, and is exploring the suitability of a public-private partnership for nine new joint-use elementary schools in high growth communities. Along with this continued work, SaskBuilds is actively partnering with ministries of government to improve traditional procurement practices to deliver greater value for taxpayers.

As the President and Chief Executive Officer (CEO), I take responsibility for the financial administration and management control of SaskBuilds. Furthermore, I acknowledge my responsibility for this report and provide assurance on the accuracy, completeness and reliability of the information contained within.

Respectfully submitted,

A stylized, handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke.

Rupen Pandya
President and CEO of SaskBuilds

Introduction

This annual report for SaskBuilds presents the Corporation's results on activities and outcomes for the fiscal year ending March 31, 2014. It reports to the public and elected officials on public commitments made and other key accomplishments of the organization.

Although a renewed vision in the Saskatchewan Plan for Growth – Vision 2020 and Beyond was introduced in October 2012, the 2013-14 Annual Report will be presented in relation to the vision and goals that guided the development of the 2013-14 Plan.

Results are provided on publicly committed strategies, actions and performance measures identified in the 2013-14 Plan.

The report also demonstrates progress made on Government commitments as stated in the Government Direction for 2013-14: Keeping the Saskatchewan Advantage, the Minister's Mandate letter, throne speeches and other commitments and activities of the Corporation.

The annual report demonstrates the Corporation's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The Ministry's activities in 2013-14 align with Government's vision and four goals:

Our Government's Vision

A strong and growing Saskatchewan, the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life.

Government's Goals

- Sustaining growth and opportunities for Saskatchewan people.
- Improving our quality of life.
- Making life affordable.
- Delivering responsive and responsible government.

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

Corporate Overview

Saskatchewan has experienced remarkable growth over the last several years, and with growth comes an increasing demand for new highways, schools, healthcare facilities and more to support an improved quality of life for Saskatchewan people.

In order to address these demands and to ensure that quality infrastructure is being built in a cost effective and timely manner, the provincial government is employing innovative solutions including alternative procurement models.

Responsibilities

SaskBuilds was created in October 2012 as a Treasury Board Crown Corporation. The organization is responsible for leading a review of procurement options – traditional and alternative approaches – and to make recommendations based upon expert and detailed analysis.

The immediate focus for SaskBuilds is to help plan and manage pressing, large-scale infrastructure demands that are high-cost (typically \$100 million or more) and a priority for the province. These infrastructure demands will not be met through conventional means alone and may be candidates for alternative financing.

SaskBuilds is also partnering with ministries to better coordinate and prioritize the Province's infrastructure investments and to improve procurement processes across government.

Team

SaskBuilds has a team of 11 full-time employees who operate from its headquarters in Regina. Additionally, the team engages external expert consultants to provide advice related to its projects.

Stakeholders

To fulfill its mandate, SaskBuilds works closely with businesses that represent all aspects of the construction industry as well as the industry's many associations.

Governance

The work of SaskBuilds is led by a Board of Directors comprising six Members of the Legislative Assembly of Saskatchewan. They are:

- Honourable Gordon Wyant, Q.C.
Minister Responsible and Chair
- Honourable Bill Boyd, Vice Chair
- Honourable Ken Krawetz
- Honourable Don McMorris
- Mr. Wayne Elhard
- Mr. Bill Hutchison

Progress in 2013 - 14

Government Goal: Growth

CREATE SASKBUILDS AND TRANSFER \$150 MILLION INTO A NEW SASKBUILDS FUND TO DRIVE INNOVATION IN INFRASTRUCTURE FINANCING, DESIGN AND DELIVERY, INCLUDING PUBLIC-PRIVATE PARTNERSHIPS.

Key Actions & Results

SaskBuilds was established by Order In Council in October 2012. \$166.5 million is earmarked in the Growth and Financial Security Fund for growth, including the \$150 million commitment to be utilized by SaskBuilds.

SaskBuilds is in procurement on three public-private partnerships (P3s) and is completing due diligence on a fourth project to deliver large, high-cost infrastructure projects that must be delivered in a timely manner to support growth and a better quality of life. SaskBuilds is working with government ministries, health authorities and school divisions:

- **Swift Current Long-Term Care Facility:**
The Government of Saskatchewan and the Cypress Health Region have advanced into the final stage of procurement to build a new 225-bed long-term care facility in Swift Current. SaskBuilds is leading the procurement of this new and larger centre as a design-build-finance-maintain P3 model. The Cypress Health Region will maintain full ownership of the facility and will operate all aspects of the health care provided within the facility.
- **Saskatchewan Hospital North Battleford – Integrated Correctional Facility:**
The Province and the Prairie North Health Region are building a new 188-bed mental health hospital and an integrated 96-room correctional facility to replace The Saskatchewan Hospital North Battleford and existing correctional facilities. SaskBuilds is leading the procurement of this new complex as a design-build-finance-maintain P3 procurement model. The Government will maintain full ownership of the facility and will provide all health care and correctional services within the complex.
- **Regina Bypass:** The Saskatchewan Government is moving forward with the Regina Bypass as a design-build-finance-operate-maintain P3 model. It will be the single largest highways project in the history of

the province and is urgently needed to facilitate the continued growth of the Global Transportation Hub and to deal with safety and other issues caused by rapid growth and congestion. It is anticipated to take only three-and-a-half years to construct, with priority components opening in advance of the full bypass completion. The government will own the highway.

- **Nine new joint-use elementary schools for the high growth communities of Martensville, Regina, Saskatoon and Warman:** The Government of Saskatchewan and five school divisions are assessing the suitability of a design-build-finance-maintain P3 model to build new schools in the fastest growing communities in the province. The schools will be owned and operated by the government.

SASKBUILDS WILL PROVIDE A CENTRAL FOCUS WITHIN THE PROVINCIAL GOVERNMENT TO COORDINATE INFRASTRUCTURE PLANNING AND DELIVERY.

Key Actions & Results

Work continues on an integrated capital infrastructure plan, which will help inform priorities and ensure necessary steps are taken now to sustain and enable further growth in the province.

SaskBuilds coordinates the planning and delivery of specific infrastructure projects at Government's direction.

Accomplishments

It was an important year for the Corporation as SaskBuilds advanced projects through due diligence to procurement, progressed in its development of a framework for a long-term capital plan for government and formalized the frameworks for its procurement and audit processes and procedures.

Projects

In July 2013, SaskBuilds' first Request for Qualifications (RFQ) was released for the Swift Current Long-Term Care Centre project. After short-listing three proponent teams, the project advanced to the Request for Proposal (RFP) phase in November 2013. The RFP is scheduled to close in June 2014. SaskBuilds hosted its first project-specific business-to-business networking session with the shortlisted proponent teams and more than 40 Saskatchewan businesses in December 2013 creating a productive forum for potential partnering.

The Government announced, in October 2013, that SaskBuilds would explore a P3 for nine new joint-use elementary schools in the high growth communities of Martensville, Regina, Saskatoon and Warman. SaskBuilds is completing the due diligence for the project in partnership with the Ministry of Education and the five involved school boards. If there is demonstrated value for money, it is anticipated that procurement will begin in summer 2014 in order to deliver the schools by fall 2017.

Building upon the work completed during the fiscal year, the RFQ for the Saskatchewan Hospital North Battleford – Integrated Correctional Facility project was released in April 2014. The mental health facility is being designed with an integrated correctional facility to both meet the mental health needs of patients who require in-patient rehabilitation, and also provide important support for offenders living with mental health issues. A shortlist of proponents will be advanced to the RFP stage anticipated for October 2014.

In May 2014, after fiscal year-end, SaskBuilds released the RFQ for the Regina Bypass project – Saskatchewan's largest transportation infrastructure project. A shortlist of proponents will be advanced to the RFP stage, which is anticipated for summer 2014. The Bypass will take approximately three-and-a-half years to build with priority components opening in advance of the full bypass completion. Construction is scheduled to begin in summer 2015 and be complete by fall 2018.

Capital Planning

SaskBuilds has also made progress on its objective to develop a centralized infrastructure planning and prioritization framework for the government. The framework will form the basis for the joint work of SaskBuilds and the Ministry of Finance in ensuring ministries align their infrastructure investments to the province's economic growth, population growth and quality of life priorities. Analysis and information obtained through the development of an integrated infrastructure plan will lead to potential alternative financing opportunities for major infrastructure projects and recommendations on improvements for traditional procurement processes.

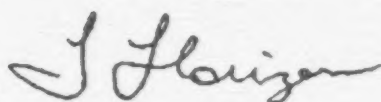
Management's Responsibilities

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management in accordance with Canadian public sector accounting standards. Management is responsible for the integrity, objectivity and reliability of the financial statements. The preparation of the statements necessarily includes some amounts which are based on the best estimates and judgments of management.

SaskBuilds' management has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained.

The Provincial Auditor has audited SaskBuilds' financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on the fairness of presentation of SaskBuilds' financial statements.

The Board of Directors of SaskBuilds is responsible for overseeing management's performance of its financial responsibilities and has reviewed and approved these financial statements.



Teresa Florizone, CMA
Chief Financial Officer



PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of SaskBuilds Corporation, which comprise the statement of financial position as at March 31, 2014, and the statement of operations and accumulated surplus, statement of change in net financial assets, and statement of cash flows for the year ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of SaskBuilds Corporation as at March 31, 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
June 18, 2014

Judy Ferguson, FCA
Acting Provincial Auditor

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2013 - 14 Financial Overview

Statement 1

Statement of Financial Position

As at March 31

	2014	2013
Financial Assets		
Due From General Revenue Fund (Note 3)	\$ 5,353,706	\$ 1,647,052
Accounts Receivable	8,059	5,376
GST Receivable	156	2,291
	5,361,921	1,654,719
Liabilities		
Accounts Payable and Accrued Liabilities	1,021,844	285,075
Net Financial Assets (Statement 3)	4,340,077	1,369,644
Non-Financial Assets		
Tangible Capital Assets (Note 8)	144,203	115,057
Accumulated Surplus (Statement 2)	\$ 4,484,280	\$ 1,484,701

(See accompanying notes to the financial statements)

Approved by the Board:



Honourable Gordon Wyant, Q.C.
Chair



Rupen Pandya
President & CEO

2013 - 14 Financial Overview

Statement 2

Statement of Operations and Accumulated Surplus

For the year ended March 31

	2014 Budget (Note 4)	2014 Actual	2013 Actual
Revenue			
Transfers from the General Revenue Fund	\$ 8,300,000	\$ 8,217,000	\$ 2,000,000
Interest Earned (Note 3)	-	26,777	4,514
Miscellaneous Revenue	-	1,433	-
	8,300,000	8,245,210	2,004,514
Expenses (Note 7)			
Operating	2,300,000	1,853,806	450,418
Planning and Procurement	6,000,000	3,391,825	69,395
	8,300,000	5,245,631	519,813
Surplus	-	2,999,579	1,484,701
Accumulated Surplus, Beginning of Year		1,484,701	-
Accumulated Surplus, End of Year (Statement 1)		\$ 4,484,280	\$ 1,484,701

(See accompanying notes to the financial statements)

2013 - 14 Financial Overview

Statement 3

Statement of Change in Net Financial Assets

For the year ended March 31

	2014	2013
Annual Surplus	\$ 2,999,579	\$ 1,484,701
Acquisition of Tangible Capital Assets (Note 8)	(79,477)	(136,800)
Amortization of Tangible Capital Assets (Note 8)	50,331	21,743
Increase in Financial Assets	2,970,433	1,369,644
Net Financial Assets, Beginning of Year	1,369,644	-
Net Financial Assets, End of Year (Statement 1)	\$ 4,340,077	\$ 1,369,644

(See accompanying notes to the financial statements)

2013 - 14 Financial Overview

Statement 4

Statement of Cash Flows

For the year ended March 31

	2014	2013
Cash (used in) Provided by Operating Activities		
Excess Revenues over Expenses	\$ 2,999,579	\$ 1,484,701
Non-Cash Items		
Amortization of Tangible Capital Assets	50,331	21,743
Net Change in Non-Cash Items		
(Increase) in Accounts Receivable	(2,683)	(5,376)
Decrease (increase) in GST Receivable	2,135	(2,291)
Increase in Accounts Payable	736,769	285,075
	3,786,131	1,783,852
Cash (used in) Capital Activities		
Purchase of Tangible Capital Assets	(79,477)	(136,800)
Increase in Cash Equivalents	3,706,654	1,647,052
Due from General Revenue Fund, Beginning of Year	1,647,052	-
Due from General Revenue Fund, End of Year (Statement 1)	\$ 5,353,706	\$ 1,647,052

(See accompanying notes to the financial statements)

2013 - 14 Financial Overview

Notes to the Financial Statements

For the year ended March 31, 2014

1. Status of SaskBuilds Corporation

SaskBuilds Corporation was established by Order in Council 550/2012 on October 17, 2012.

SaskBuilds Corporation was created to integrate, coordinate and prioritize infrastructure spending of the Province of Saskatchewan. SaskBuilds provides advice and recommendations for advancing major infrastructure projects through innovative approaches to infrastructure development and alternative financing models such as public-private partnerships. SaskBuilds is a corporate body eligible to receive monies primarily appropriated by the Legislature for these purposes.

2. Significant Accounting Policies

These financial statements are prepared using Canadian Public Sector Accounting Standards and reflect the following significant accounting principles:

a) Revenue

Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue. Government transfers are recognized in the period the transfer is authorized and any eligibility criteria is met.

b) Expenses

Expenses represent the cost of resources consumed during the period.

c) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

d) Adoption of New Accounting Standards

SaskBuilds did not adopt any new Canadian Public Sector Accounting Standards during this period.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life once they are in service. Amortization is recorded on a straight line basis as follows:

Leasehold and Occupancy Improvements:	lesser of useful life or lease term
Office Furniture and Equipment:	5 years

3. Due from the General Revenue Fund

SaskBuilds' bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest received of \$26,777 (2013 - \$4,514) was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30 day interest rate with an annual average of 1.02%.

4. Budget Approval

The budget figures are presented for comparison purposes: the SaskBuilds' 2013-14 Budget is per SaskBuilds - Vote 86. Subsequently, the Board approved a 1.0% expense constraint.

2013 - 14 Financial Overview

Notes to the Financial Statements

For the year ended March 31, 2014

5. Related Parties

These financial statements include routine transactions with related parties. SaskBuilds is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan.

The Ministry of Central Services provides purchasing, risk management, records management and mail distribution to SaskBuilds without charge. The Ministry of Central Services charges accommodation and property management services under a lease agreement.

The Ministry of Central Services, Information Technology Office provides SaskBuilds with information technology services under a service level agreement.

The Ministry of Central Services, Public Service Commission provides SaskBuilds with human resource administration and payroll services under a service level agreement.

The Ministry of Highways and Infrastructure provides SaskBuilds with communications, financial and administration services under a service level agreement.

Related party transactions to March 31 include the following:

	2014	2013
Accounts Receivable	\$ 7,171	\$ 5,376
Accounts Payable and Accrued Liabilities	\$ 254,088	\$ 131,682
Tangible Capital Assets	\$ 42,962	\$ 49,071
Interest Earned	\$ 26,777	\$ 4,514
Expenses	\$ 275,790	\$ 61,571

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, SaskBuilds pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.

6. Financial Instruments

SaskBuilds' financial instruments include: Due from the General Revenue Fund, Accounts Receivable, Accounts Payable and Accrued Liabilities. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest or credit risk.

2013 - 14 Financial Overview

Notes to the Financial Statements

For the year ended March 31, 2014

7. Expenses by Object

	2014	2013
a) Operating		
Administration	\$ 128,430	\$ 24,451
Advertising	4,337	14,592
Amortization	50,331	21,743
Professional Services	195,547	42,027
Rent of Space	167,616	50,646
Salaries and Benefits	1,281,603	286,656
Travel	25,942	10,303
	<u>\$ 1,853,806</u>	<u>\$ 450,418</u>
b) Planning and Procurement		
External Professional Services	\$ 3,391,825	\$ 69,395

8. Tangible Capital Assets

	Furniture & Equipment	Leasehold Improvements	2014	2013
Opening Cost	\$ 87,729	\$ 49,071	\$ 136,800	\$ -
Additions during the year	39,402	40,075	79,477	136,800
Closing Cost	<u>127,131</u>	<u>89,146</u>	<u>216,277</u>	<u>136,800</u>
Opening Accumulated Amortization	7,311	14,432	21,743	-
Amortization for the year	25,426	24,905	50,331	21,743
Closing Accumulated Amortization	<u>32,737</u>	<u>39,337</u>	<u>72,074</u>	<u>21,743</u>
Net Book Value of Tangible Capital Assets	<u>\$ 94,394</u>	<u>\$ 49,809</u>	<u>\$ 144,203</u>	<u>\$ 115,057</u>

9. Comparative Figures

The prior year comparatives are for the period of October 17, 2012 to March 31, 2013.

For More Information

If you have questions or comments, please contact SaskBuilds by phone (306) 798-8014 or by email to saskbuilds@gov.sk.ca.

SaskBuilds
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Please visit our website at www.saskbuilds.ca for more about SaskBuilds.

